



# County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN  
Chief Administrative Officer

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Second District

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Third District

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Fifth District

December 19, 2006

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

## **TECHNICAL AMENDMENTS TO THE SAVINGS AND DEFERRED EARNINGS PLANS (3 VOTES)**

### **IT IS RECOMMENDED THAT YOUR BOARD:**

Approve the attached ordinance amending provisions of the Savings Plan and Deferred Earnings Plan to conform the plans to recently released Internal Revenue Service (IRS) regulations.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Savings and Deferred Earnings plans are qualified tax deferred plans governed by the Internal Revenue Code and related IRS regulations. To maintain their qualified tax deferred status, the ordinance provisions authorizing the plans must be amended to reflect mandatory provisions within recently released final 401(k) regulations.

### **Implementation Of Strategic Plan Goals**

Adoption of the accompanying ordinance will promote workforce excellence. It will assist in the continued recruitment and retention of qualified employees by maintaining qualified retirement plans.

### **FISCAL IMPACT/FINANCING**

These recommendations will result in no County cost. Very minor changes in the cost of plan administration may result, but all such costs are covered by fees paid by plan participants.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Savings Plan applies to eligible non-represented County employees other than physicians, and the Deferred Earnings Plan applies to eligible non-represented physicians. The Deferred Earnings Plan has not accepted new participants or new contributions from existing participants since September 1, 2001. Otherwise, the Deferred Earnings Plan remains fully operational with regard to its existing participants and their various investment options.

Both the Savings Plan and the Deferred Earnings Plan are 401(k) plans and both have previously been reviewed by the IRS and found to be in compliance with 401(k) regulations. However, the IRS has recently released additional regulations that include certain new requirements. To maintain the qualified status of these plans, the respective plan documents (i.e. the authorizing ordinance provisions) must be updated to reflect the latest IRS changes.

The required changes are technical in nature. In the County's case, the changes essentially provide additional guidance on existing plan provisions. This includes the following:

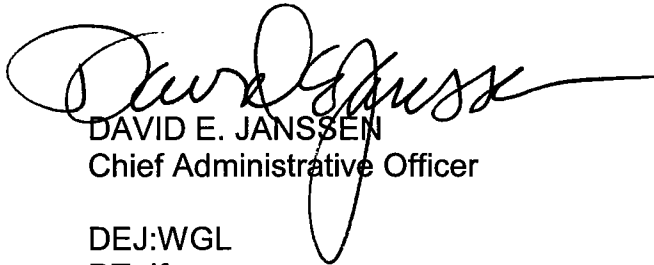
- The plans will be amended to clarify they do not accept "Roth account" rollovers. This represents no change in current County practice;
- The definition of "dependent" has been expanded to include certain married dependents and dependents that have their own dependent(s);
- Permissible cause for hardship distributions now explicitly includes certain burial or funeral expenses and the repair to a principal residence;
- The suspension of ongoing payroll deferrals to all County plans for a six-month period following a hardship distribution;
- The expansion of the definition of "employer" to include County related employers (LACERA and the Superior Courts).

Honorable Board of Supervisors  
December 19, 2006  
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Overall, these technical changes will allow the plans to maintain their qualified status while not having a significant impact on the current administration of the Savings Plan or the Deferred Earnings Plan.

The accompanying ordinance has been approved as to form by the County Counsel.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David E. Janssen", with a long horizontal flourish extending to the right.

DAVID E. JANSSEN  
Chief Administrative Officer

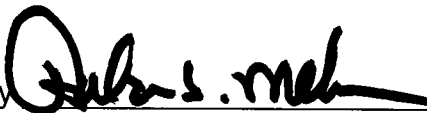
DEJ:WGL  
DT:df

c: County Counsel  
Executive Officer, Board of Supervisors  
Auditor-Controller

## ANALYSIS

This ordinance amends Title 5 - Personnel, of the Los Angeles County Code by adding or amending provisions to Chapter 5.23, Deferred Earnings Plan; and Chapter 5.26, Savings Plan; to make technical amendments consistent with final regulations issued under Internal Revenue Code section 401(k).

RAYMOND G. FORTNER, JR.  
County Counsel

By   
HALVOR S. MELOM  
Principal Deputy County Counsel  
Labor & Employment Division

HSM:asv  
(requested 12/01/06)  
(revised 12/05/06)

**ORDINANCE NO. \_\_\_\_\_**

An ordinance amending Title 5 - Personnel of the Los Angeles County Code by adding or amending provisions to Chapter 5.23, Deferred Earnings Plan; and Chapter 5.26, Savings Plan; to make technical amendments consistent with final regulations issued under Internal Revenue Code section 401(k).

The Board of Supervisors of the County of Los Angeles ordains as follows:

**SECTION 1.** Section 5.23.070 is hereby amended to read as follows:

**5.23.070 Distributions and withdrawals.**

. . .

G. Withdrawal of Contributions. Upon not less than 30 days' prior written notice filed with the Administrative Committee, effective as of the Entry Date following notification of the Trustee and Investment Manager by the Administrative Committee, a Participant who is an Employee may withdraw in cash all or a part of his Account balance as of the immediately preceding Valuation Date as provided and in the order set forth below. Except in cases of Hardship, a Participant may make only two withdrawals pursuant to this subsection per Plan Year.

1. A Participant may withdraw all or a part of his Matching Contributions Account in which he has a vested interest but a Participant may not make a withdrawal pursuant to this subsection unless he is either credited with at least 10 Years of Service or such withdrawal is made due to Hardship.

2. a. Participant who has withdrawn his entire Matching Contributions Account may in addition withdraw all or a part of his Tax Deferred Contributions Account (excluding any earnings credited to such Account on or after January 1, 1989), provided that the Participant has attained age 59-1/2 or demonstrated to the Administrative ~~Com-mittee~~Committee that he is suffering from Hardship. A withdrawal shall not be permitted for Hardship unless such withdrawal is on account of an immediate and heavy financial need of the Participant and is necessary to satisfy such financial need.

b. ~~The determination of whether a Participant has an immediate and heavy financial need shall be made by the Administrative Committee on the basis of all relevant facts and circumstances. Nevertheless, a withdrawal shall be deemed to be made on account of an immediate and heavy financial need of a Participant if the withdrawal is on account of:~~

~~(1) Medical expenses described in Section 213(d) of the Code incurred by the Participant, the Participant's spouse, or any of the Participant's dependents (as defined in Section 152 of the Code);~~

~~(2) The purchase (excluding mortgage payments) of a principal residence of the Participant;~~

~~(3) The payment of tuition for the next semester or quarter of post-secondary education for the Participant, the Participant's spouse, the Participant's children, or the Participant's dependents;~~

~~(4) — The need to prevent the eviction of the Participant from his principal residence or the foreclosure on the mortgage of the Participant's principal residence; or~~

~~(5) — Any other financial need which the Commissioner of Internal Revenue, through the publication of revenue rulings, notices, and other documents of general applicability, may from time to time designate as a deemed immediate and heavy financial need as provided in Section 1.401(k)-1(d)(2)(iii)(C) of the Treasury Regulations.~~

b. Effective as of January 1, 2006, the determination of whether a Participant has an immediate and heavy financial need shall be made by the Administrative Committee on the basis of all relevant facts and circumstances. Nevertheless, a withdrawal shall be deemed to be made on account of an immediate and heavy financial need of a Participant if the withdrawal is on account of:

(1) Expenses for (or necessary to obtain) medical care that would be deductible under Section 213(d) of the Code (determined without regard to whether the expenses exceed 7.5% of adjusted gross income);

(2) The purchase (excluding mortgage payments) of a principal residence of the Participant;

(3) The payment of tuition for the next semester or quarter of post-secondary education for the Participant, the spouse, the children, or the

dependents (as defined in section 152 of the Code, and for taxable years beginning on or after January 1, 2005, without regard to section 152(b)(1), (b)(2) or (d)(1)(B) of the Code);

(4) The need to prevent the eviction of the Participant from his principal residence or the foreclosure on the mortgage of the Participant's principal residence;

(5) On and after January 1, 2007, payment for burial or funeral expenses for the Participant's deceased parent, spouse, children or dependents (as defined in section 152 of the Code but without regard to subsection 152(d)(1)(B));

(6) On and after January 1, 2007, expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under section 165 of the Code (determined without regard to whether the loss exceeds 10% of adjusted gross income); or

(7) Any other financial need which the Commissioner of Internal Revenue, through the publication of revenue rulings, notices, and other documents of general applicability, may from time to time designate as a deemed immediate and heavy financial need as provided in Section 1.401(k)-1(d)(2)(iii)(C) of the Treasury Regulations.

~~c. A withdrawal shall not be treated as necessary to satisfy an immediate and heavy financial need of a Participant to the extent the amount of the withdrawal exceeds the amount required to relieve the financial need or to the extent such need may be satisfied from other resources that are reasonably available to the~~



~~Participant. The determination of whether the amount of a withdrawal is necessary to satisfy an immediate and heavy financial need shall be made by the Administrative Committee on the basis of all relevant facts and circumstances. Nevertheless, the amount of a withdrawal shall be deemed to be necessary to satisfy an immediate and heavy financial need of a Participant if: (1) the amount of the distribution is not in excess of the amount of the immediate and heavy financial need; (2) the Participant has obtained all distributions (other than hardship distributions) and nontaxable (at the time of the loan) loans available under the terms of this Plan or any other plan maintained by the County or any other employer of the Participant; and (3) the Participant irrevocably elects to suspend all elective contributions and employee contributions under this Plan and all other plans of deferred compensation maintained by the County from the date on which the withdrawal is made until the close of the next following Plan Year.~~

c. Effective as of January 1, 2006, a withdrawal shall not be treated as necessary to satisfy an immediate and heavy financial need of a Participant to the extent the amount of the withdrawal exceeds the amount required to relieve the financial need or to the extent such need may be satisfied from other resources that are reasonably available to the Participant. The determination of whether the amount of a withdrawal is necessary to satisfy an immediate and heavy financial need shall be made by the Administrative Committee on the basis of all relevant facts and circumstances. Nevertheless, the amount of a withdrawal shall be deemed to be necessary to satisfy an immediate and heavy financial need of a Participant if: (1) the amount of the distribution is not in excess of the amount of the immediate and heavy financial need; (2) the

Participant has obtained all distributions (other than Hardship distributions) and nontaxable (at the time of the loan) loans available under the terms of this Plan or any other plans of deferred compensation maintained by the County; and (3) the Participant irrevocably elects to suspend all elective contributions and employee contributions under this Plan (e.g., After-Tax Contributions and Tax Deferred Contributions) and all other plans of deferred compensation maintained by the County from the date on which the withdrawal is made until the close of the six-calendar-month period that began on the first day of the month following the date on which the withdrawal is made. For the purposes of this subsection c, the term "other plans of deferred compensation" include, without limitation, all qualified and non-qualified deferred compensation plans and any cash or deferred arrangements that are part of a cafeteria plan, except that it does not include the mandatory employee contribution component of a defined benefit plan or welfare plan. For the purposes of this subsection c the County includes the County and all other employers which are required to be treated as a single "employer" under Treasury Regulation section 1.401(k)-6.

. . .

**SECTION 2.** Section 5.23.140 is hereby amended to read as follows:

**5.23.140 Amendment or termination.**

. . .

C. Distribution Upon Termination Without Maintenance of a Successor Plan.

~~If the Plan shall be terminated by the County, subject to the final sentence of subsection A of this section, County Contributions shall cease, and the Investment Funds shall be~~

~~distributed as if each Participant had then retired pursuant to Section 5.23.070C at the time of the termination, provided that the County does not maintain a successor plan within the meaning of Treasury Regulation Section 1.401(k)-1(d)(3).~~

Effective as of January 1, 2006, if the Plan shall be terminated by the County, subject to the final sentence of subsection A, County Contributions shall cease, and the Investment Funds shall be distributed as if each Participant had then retired pursuant to Section 5.23.070.C at the time of the termination, provided that the County (or any related "employer" as defined in Treasury Regulation section 1.401(k)-6) does not maintain a successor plan within the meaning of Treasury Regulation Section 1.401(k)-1(d)(4).

. . .

**SECTION 3.** Section 5.23.150 is hereby amended to read as follows:

**5.23.150 Rollovers and Plan-to-Plan Transfers.**

A. Rollovers from Other Plans. A Participant in this Plan who receives a distribution from the qualified plan of another employer, within 60 days after he receives the distribution, may transfer ("Rollover") any part or all of the amount distributed from the plan of the other employer to his Tax Deferred Contributions Account in this Plan, provided that a Rollover from the other plan is permitted by the Code and the regulations issued thereunder.

Notwithstanding the foregoing, the Plan shall not accept as a Rollover Contribution any amount distributed from a designated Roth account (as defined in section 402A of the Code) or from a Roth IRA (as defined in section 408A of the Code).

. . .

**SECTION 4.** Section 5.26.020 is hereby amended to read as follows:

**5.26.020 Definitions.**

. . .

17. "Eligible Rollover Distribution" means any distribution of all or part of the balance to the credit of the Participant in ~~a qualified trust described in Code Section 401(a) (including the Plan where applicable) or in a "conduit" individual retirement account described in Code Section 408(d)(3)(A)(ii)~~ an "eligible retirement plan" as defined in Plan section 5.26.610A (including the Plan where applicable), other than (1) any distribution which is one of a series of substantially equal periodic payments made not less frequently than annually for the life (or life expectancy) of the Participant or beneficiary or the joint lives (or joint life expectancies) of such individual and his designated beneficiary, or for a specified period of 10 years or more; (2) any distribution to the extent such distribution is required by Code Section 401(a)(9); and (3) any distribution which is (a) a return of elective deferrals described in Section 1.415-6(b)(6)(iv) of the Treasury Regulations which is returned due to the limitations under Code Section 415, (b) a corrective distribution of excess contributions described in Section 1.401(k)-1(f)(4) of the Treasury Regulations, excess deferrals described in Section 1.402(g)-1(e)(3) of the Treasury Regulations or excess aggregate contributions

described in Section 1.401(m)-1(e)(3) of the Treasury Regulations, together with the income allocable thereto, (c) a loan treated as a distribution under Code Section 72(p) and not excepted from such treatment under Code Section 72(p)(2), (d) a deemed distribution of a loan in default, (e) a dividend on employer securities described in Code Section 404(k), (f) the P.S. 58 cost of life insurance coverage, and (g) any other similar item designated by the Commissioner of Internal Revenue. For distributions made on or after January 1, 2000, an Eligible Rollover Distribution also does not include any distribution or withdrawal of Tax Deferred Contributions due to Hardship as provided in Section 5.26.300 and under Code Section 401(k). For distributions made on or after January 1, 2002, an Eligible Rollover Distribution also does not include any distribution or withdrawal of Matching Contributions or Tax Deferred Contributions due to Hardship as provided in Section 5.26.300.

. . .

**SECTION 5.** Section 5.26.300 is hereby amended to read as follows:

**5.26.300 Withdrawal of Contributions.**

. . .

D. A Participant who has withdrawn his entire After-Tax Contributions Account (if any), his entire Rollover Contributions Account (if any) and his entire Matching Contributions Account (to the extent vested) may in addition withdraw all or a part of his Tax Deferred Contributions Account (excluding any earnings credited to such Account on or after January 1, 1989), provided that the Participant has attained 59 1/2 or demonstrated to the Administrative Committee that he is suffering from Hardship. A

withdrawal shall not be permitted for Hardship unless such withdrawal is on account of an immediate and heavy financial need of the Participant and is necessary to satisfy such financial need.

~~1. The determination of whether a Participant has an immediate and heavy financial need shall be made by the Administrative Committee on the basis of all relevant facts and circumstances. Nevertheless, a withdrawal shall be deemed to be made on account of an immediate and heavy financial need of a Participant if the withdrawal is on account of:~~

~~a. Medical expenses described in Section 213(d) of the Code incurred by the Participant, the Participant's spouse, or any of the Participant's dependents (as defined in Section 152 of the Code);~~

~~b. The purchase (excluding mortgage payments) of a principal residence of the Participant;~~

~~c. The payment of tuition for the next semester or quarter of post-secondary education for the Participant, the Participant's spouse, the Participant's children, or the Participant's dependents;~~

~~d. The need to prevent the eviction of the Participant from his principal residence or the foreclosure on the mortgage of the Participant's principal residence; or~~

~~e. Any other financial need which the Commissioner of Internal Revenue, through the publication of revenue rulings, notices, and other documents of general applicability, may from time to time designate as a deemed~~

~~immediate and heavy financial need as provided in Section 1.401(k)-1(d)(2)(iii)(C) of the Treasury Regulations.~~

~~2. A withdrawal shall not be treated as necessary to satisfy an immediate and heavy financial need of a Participant to the extent the amount of the withdrawal exceeds the amount required to relieve the financial need or to the extent such need may be satisfied from other resources that are reasonably available to the Participant. The determination of whether the amount of a withdrawal is necessary to satisfy an immediate and heavy financial need shall be made by the Administrative Committee on the basis of all relevant facts and circumstances. Nevertheless, the amount of a withdrawal shall be deemed to be necessary to satisfy an immediate and heavy financial need of a Participant if: (a) the amount of the distribution is not in excess of the amount of the immediate and heavy financial need; (b) the Participant has obtained all distributions (other than hardship distributions) and nontaxable (at the time of the loan) loans available under the terms of this Plan or any other plan maintained by the County or any other employer of the Participant; and (c) the Participant irrevocably elects to suspend all elective contributions and employee contributions under this Plan (e.g., After Tax Contributions and Tax Deferred Contributions) and all other plans of deferred compensation maintained by the County from the date on which the withdrawal is made until the close of the next following Plan Year. A Participant who withdraws Tax Deferred Contributions in 2001 on account of Hardship, shall be prohibited from making any elective contributions and employee contributions under this Plan (e.g., After Tax Contributions and Tax Deferred Contributions) and all other plans of deferred~~

~~compensation maintained by the County until the close of the six calendar month period that began on the first day of the month following the date on which the withdrawal is made or January 1, 2002, if later. A Participant who withdraws Tax Deferred Contributions on or after January 1, 2002 on account of Hardship, shall be prohibited from making any elective contributions and employee contributions under this Plan (e.g., After Tax Contributions and Tax Deferred Contributions) and all other plans of deferred compensation maintained by the County until the close of the six calendar month period that began on the first day of the month following the date on which the withdrawal is made.~~

1. Effective as of January 1, 2006, the determination of whether a Participant has an immediate and heavy financial need shall be made by the Administrative Committee on the basis of all relevant facts and circumstances. Nevertheless, a withdrawal shall be deemed to be made on account of an immediate and heavy financial need of a Participant if the withdrawal is on account of:

a. Expenses for (or necessary to obtain) medical care that would be deductible under Section 213(d) of the Code (determined without regard to whether the expenses exceed 7.5% of adjusted gross income);

b. The purchase (excluding mortgage payments) of a principal residence of the Participant;

c. The payment of tuition for the next semester or quarter of post-secondary education for the Participant, the Participant's spouse, the Participant's children, or the Participant's dependents (as defined in section 152 of the Code, and for



taxable years beginning on or after January 1, 2005, without regard to section 152(b)(1), (b)(2) or (d)(1)(B) of the Code);

d. The need to prevent the eviction of the Participant from his principal residence or the foreclosure on the mortgage of the Participant's principal residence;

e. On and after January 1, 2007, payment for burial or funeral expenses for the Participant's deceased parent, spouse, children or dependents (as defined in section 152 of the Code but without regard to subsection 152(d)(1)(B));

f. On and after January 1, 2007, expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under section 165 of the Code (determined without regard to whether the loss exceeds 10% of adjusted gross income); or

g. Any other financial need which the Commissioner of Internal Revenue, through the publication of revenue rulings, notices, and other documents of general applicability, may from time to time designate as a deemed immediate and heavy financial need as provided in Section 1.401(k)-1(d)(2)(iii)(C) of the Treasury Regulations.

2. Effective as of January 1, 2006, a withdrawal shall not be treated as necessary to satisfy an immediate and heavy financial need of a Participant to the extent the amount of the withdrawal exceeds the amount required to relieve the financial need or to the extent such need may be satisfied from other resources that are reasonably available to the Participant. The determination of whether the amount of a

withdrawal is necessary to satisfy an immediate and heavy financial need shall be made by the Administrative Committee on the basis of all relevant facts and circumstances. Nevertheless, the amount of a withdrawal shall be deemed to be necessary to satisfy an immediate and heavy financial need of a Participant if: (a) the amount of the distribution is not in excess of the amount of the immediate and heavy financial need; (b) the Participant has obtained all distributions (other than Hardship distributions) and nontaxable (at the time of the loan) loans available under the terms of this Plan or any other plans of deferred compensation maintained by the County; and (c) the Participant irrevocably elects to suspend all elective contributions and employee contributions under this Plan (e.g., After-Tax Contributions and Tax Deferred Contributions) and all other plans of deferred compensation maintained by the County from the date on which the withdrawal is made until the close of the six-calendar-month period that began on the first day of the month following the date on which the withdrawal is made. For the purposes of this subsection D.2., the term "other plans of deferred compensation" include, without limitation, all qualified and non-qualified deferred compensation plans and any cash or deferred arrangements that are part of a cafeteria plan, except that it does not include the mandatory employee contribution component of a defined benefit plan or welfare plan. For the purposes of this subsection D.2. the County includes the County and all other employers which are required to be treated as a single "employer" under Treasury Regulation section 1.401(k)-6.

**SECTION 6.** Section 5.26.520 is hereby amended to read as follows:

**5.26.520 Distribution Upon Termination Without Maintenance of a Successor Plan.**

~~If the Plan shall be terminated by the County, subject to the final sentence of Section 5.26.500, County Contributions shall cease, and the Investment Funds shall be distributed as if each Participant had then retired pursuant to Section 5.26.260 at the time of the termination, provided that the County does not maintain a successor plan within the meaning of Treasury Regulation Section 1.401(k)-1(d)(3).~~

Effective as of January 1, 2006, if the Plan shall be terminated by the County, subject to the final sentence of Section 5.26.500, County Contributions shall cease, and the Investment Funds shall be distributed as if each Participant had then retired pursuant to Section 5.26.260 at the time of the termination, provided that the County (or any related "employer" as defined in Treasury Regulation section 1.401(k)-6) does not maintain a successor plan within the meaning of Treasury Regulation Section 1.401(k)-1(d)(4).

**SECTION 7.** Section 5.26.610 is hereby amended to read as follows:

**5.26.610 Rollovers and Plan-to-Plan Transfers.**

**A. Rollovers from Other Plans.**

~~1. The Trustee or its authorized agent shall, at the direction of the Administrative Committee, receive and thereafter hold and administer as part of the Account for a Participant all cash and other property that constitute an Eligible Rollover Distribution if such Eligible Rollover Distribution is either (1) received in a direct trustee-~~

~~to trustee transfer, or (2) transferred by the Participant to the Trustee or its authorized agent on or before the 60th day after he received such Eligible Rollover Distribution (a "Rollover Contribution"). For purposes of this Section 5.26.610A, the Plan will accept Rollover Contributions that are made on or after January 1, 2002, from the following plans: (1) an individual retirement account under Code Section 408(a); (2) a "conduit" individual retirement account described in Code Section 408(d)(3)(A)(2); (3) an individual retirement annuity under Code Section 408(b); (4) an annuity plan described in Code Section 403(a); (5) a defined contribution plan which is qualified under Code Section 401(a); (6) an annuity contract under Code Section 403(b); and (7) an eligible deferred compensation plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state. The Plan will accept an Eligible Rollover Distribution on or after January 1, 2002 which includes a distribution of after tax employee contributions, provided the Rollover Contribution is made in a direct trustee to trustee transfer. The Plan will accept an Eligible Rollover Distribution on or after January 1, 2002 that is attributable to the Participant's status as a surviving spouse.~~

1. The Trustee or its authorized agent shall, at the direction of the Administrative Committee, receive and thereafter hold and administer as part of the Account for a Participant all cash and other property that constitute an Eligible Rollover Distribution if such Eligible Rollover Distribution is either (a) received in a direct trustee-to-trustee transfer, or (b) transferred by the Participant to the Trustee or its authorized agent on or before the 60th day after he received such Eligible Rollover Distribution (a

"Rollover Contribution"). For purposes of this Section 5.26.610A, the Plan will accept Rollover Contributions that are made on or after January 1, 2002, from the following "eligible retirement plans": (a) an individual retirement account under Code Section 408(a); (b) a "conduit" individual retirement account described in Code Section 408(d)(3)(A)(2); (c) an individual retirement annuity under Code Section 408(b); (d) an annuity plan described in Code Section 403(a); (e) a defined contribution plan which is qualified under Code Section 401(a); (f) an annuity contract under Code Section 403(b); and (g) an eligible deferred compensation plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state. The Plan will accept an Eligible Rollover Distribution on or after January 1, 2002 which includes a distribution of after-tax employee contributions, provided the Rollover Contribution is made in a direct trustee-to-trustee transfer. The Plan will accept an Eligible Rollover Distribution on or after January 1, 2002 that is attributable to the Participant's status as a surviving spouse. Notwithstanding the foregoing the Plan shall not accept as a Rollover Contribution any amount distributed from a designated Roth account (as defined in section 402A of the Code) or from a Roth IRA (as defined in section 408A of the Code).

. . .

**SECTION 8.** This ordinance shall take effect immediately upon final passage.